

THE EXAMINER

Issue 4

FROM THE DIVISION

Welcome 2023! What a first quarter it has been. The recent bank failures and economic conditions were unexpected and troubling; however, our state-charter credit unions system remains strong. We want to assure you that if you have concerns or issues, NCCUD is here to provide support in any way that we can.



IMPORTANT DATES

- April 30, 2023 – March 31, 2023, Call Report submission deadline
- May 29, 2023 – Division closed for Memorial Day
- July 4, 2023 – Division closed for Independence Day

SUPERVISORY PRIORITIES

NCCUD's supervisory priorities for 2023 include interest rate risk, liquidity risk, credit risk, information security, CECL implementation, fraud prevention, BSA, and succession planning. You will be provided with a Questionnaire Workbook during your examination that now includes a Management Questionnaire for senior management to complete. Please ensure the entire workbook is completed and returned to NCCUD as instructed in examination notification email.

CURRENT EXPECTED CREDIT LOSSES

The implementation of the [Financial Accounting Standards Board's \(FASB\) release of Accounting Standards Update \(ASU\) 2016-13](#), Financial Instruments—Credit Losses (Topic 326), will impact the way financial institutions estimate and provide for credit losses. CECL became effective January 1, 2023, for credit unions with assets of at least \$10 million. Be sure to reflect this change on your March 31, 2023, Call Reports.

LIQUIDITY RESERVE

04 NCAC 06C .1301 Liquidity Reserves requires credit unions with asset of two million or more and credit union that offer share draft accounts maintain a liquidity reserve equal to a minimum of five percent of the total dollar value amount of the credit unions liability base. This calculation should be completed monthly, no later than then the tenth day of each month. Please notify NCCUD immediately if your liquidity reserves fall below five percent. At the spring meeting, the Commission approved to move forward with exploring amendments to this rule. Credit unions will have opportunities for comment.

HOUSE BILL 410 – CREDIT UNION UPDATE

A draft of House Bill 410, Credit Union Update, was filed on March 16, 2023, and passed the 1st reading on March 20, 2023. A copy of the draft bill is located [here](#) and you can follow the legislative actions on the Bill at <https://www.ncleg.gov/BillLookup/2023/H410>.

COMMUNITY DEVELOPMENT REVOLVING LOAN FUND GRANTS

The NCUA will administer approximately \$3.5 million in CDRLF grants. The grant round opens May 1 and credit unions with a low-income designation, or a minority depository institution can apply. To learn more about applying for these grants [click here](#).